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July 23, 2009

05-337
96-45

Senator Mike Enzi
379A Senate Russell Office Building
Washington, D.C. 20510

FILED/ACCEPTED

AUG 25 2009

Federal Communications Commission
Office of the Secretary

Dear Senator Enzi:

Today's communications regulatory community is all abuzz with talk about how to make broadband ubiquitous and the stimulus funds that are available for that purpose. I applaud the goal of bringing the benefits of broadband to unserved and underserved areas of Wyoming and the rest of the nation. Telemedicine, distance learning, at-home businesses are all wonderful benefits that could result from improved availability of broadband in Wyoming. Yet, this shift in focus all seems to be occurring before many of the funding issues concerning ubiquitous voice communications have been resolved.

In 1996, Congress passed the Telecommunications Act of 1996 which completely reformed oversight and regulation of the communications industry. Included in this Act was a provision to create a federal universal service fund whose purpose included assuring that quality services were available at just, reasonable, and affordable rates. Pursuant to the Act, the Federal Communications Commission (FCC) established a structure and set of rules regarding distribution of funds to assist telecommunications providers in keeping prices affordable for their customers. Since the establishment of the federal universal service fund, the FCC has issued hundreds of orders relative to this subsidy funded by customers and distributed for the benefit of customers.

In 2008, the High Cost portion of the federal universal service fund exceeded \$4.4 billion. Wyoming's share of this fund was \$55.6 million, or about 1.2%, in spite of having some of the least dense areas in the nation and some of the highest prices to end use customers. For more than a dozen years now, Wyoming regulators and customer advocates have been actively participating before the FCC to assure that we receive our fair and equitable portion of federal universal service funds. The funds are designated specifically to assist voice telecommunications customers and providers to make sure that the same services that are available in urban areas are available in rural areas at comparable prices. The advocates and regulators in Wyoming have filed comments and petitions, flown to Washington for meetings, and even challenged the FCC through the courts. None of this has resulted in a meaningful increase in funding for Wyoming customers.

In an FCC order in CC Docket No. 96-45 dated October 27, 2003, in recognition of Wyoming's unique circumstances and actions to implement pro-competitive policies for its

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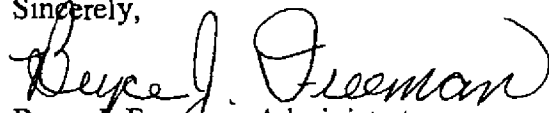
telecommunications market, the FCC offered an extraordinary opportunity to seek additional high cost universal service funding. This exceptional opportunity was to be based on a showing of both best efforts to achieve rate comparability and the resulting lack of urban-rural rate comparability. The Order specifically acknowledged the efforts of Wyoming to keep rates affordable when it indicated at paragraph 145, "We anticipate that this proposal, if adopted, would help to address the concerns raised by the Wyoming Commission in its [earlier] petition."

In response to this special opportunity, a Joint Petition of the Wyoming Public Service Commission and the Wyoming Office of Consumer Advocate was prepared and filed with the FCC on December 21, 2004. The document, a copy of which is enclosed, thoroughly describes the efforts that Wyoming took to open its telecommunications markets to prepare for competition and how it accomplished the move to pricing that was more appropriate as the industry moved from monopoly service providers to a market with many choices for customers. It also concludes that these steps were taken based on the promise of federal support as a backstop to keep rates affordable. The promised safety net has not appeared. After nearly five years, *we are still waiting for action* on the Joint Petition and a federal universal service fund that accomplishes the goals set forth in Telecommunications Act of 1996. Furthermore, we are waiting for a federal high cost universal service fund program that passes muster with the courts, as the FCC's decisions have twice been remanded back for reworking – with the latest remand still not resolved.

I would appreciate any assistance you can provide to assure that Wyoming voice telecommunications customers receive affordable, quality service during the transition to a more broadband based world. The excitement over the possibility of moving to a nation with ubiquitous broadband should not be quashed but neither should it take precedence of the reality of today. Customers in Wyoming still have a need for affordable traditional voice services.

I would be pleased to discuss this with you or your staff at your convenience if you have any questions or concerns about this matter. Meanwhile, I appreciate all of your hard work and efforts to protect the interests of the citizens of Wyoming.

Sincerely,



Bryce J. Freeman, Administrator
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Enclosure

cc: Rob Hurless, Energy and Telecommunications Policy Advisor, Governor's Office
Julie Veach, Acting Bureau Chief, Wireline Competition Bureau, FCC



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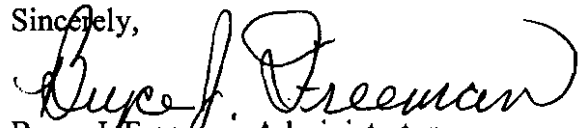
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